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ABSTRACT

This report focuses on the strengths and weaknesses of North Carolina, its future and potential, and the roles that the citizens and the state government play in moving the state forward. There are multiple realities within North Carolina. The average income has increased, unemployment rates have dropped, and educational levels have risen. The report attributes these increases to the influx of educated professionals. Another reality is that native North Carolinians are not benefiting from the overall growth of the state. There are very separate, unequal worlds within the state, almost to the point of social and economic polarization. The three "R's" of human geography--resources, residence, and race--are discussed as the divisors of the state. A covenant for North Carolina is presented as an attempt to unite all state residents in a commitment to enhance personal, interpersonal, and state development. Four areas are identified and discussed as priorities for action: (1) lifting the working poor out of poverty; (2) fostering entrepreneurship; (3) meeting the needs of young children; and (4) expanding the voluntary sector. Improving and revitalizing elementary and secondary education programs, improving developmental and health care for children, and utilizing human resources effectively are identified as critical needs in North Carolina. (ALL)

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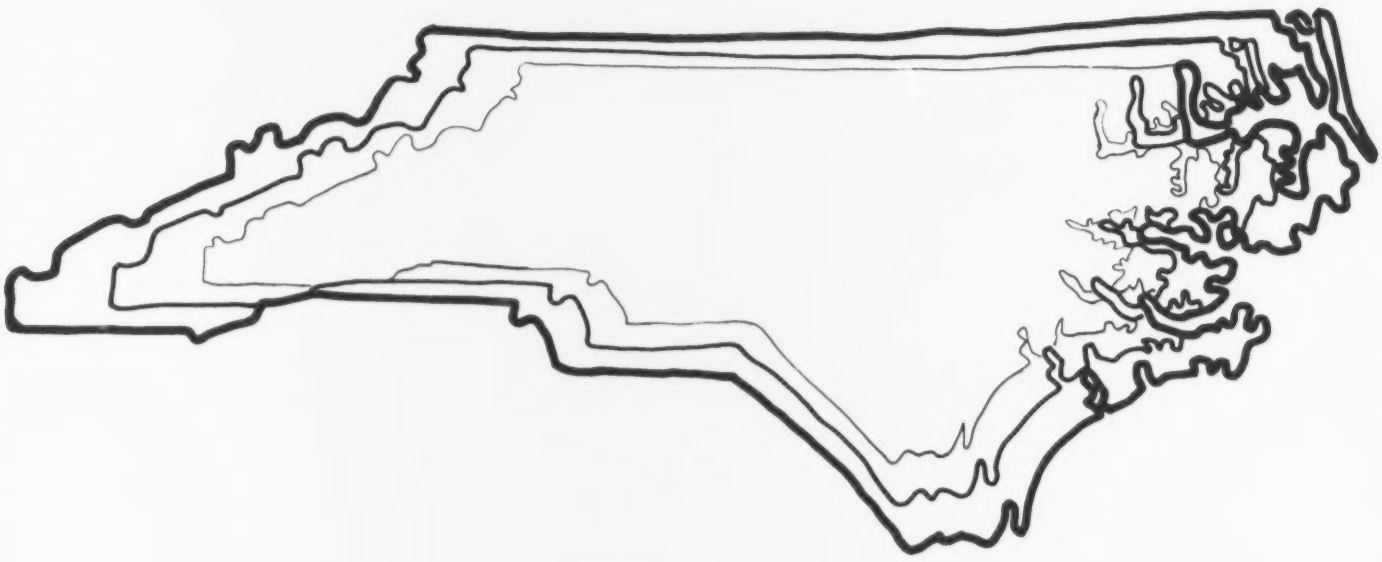

A STATE OF *Emergency*

A STATE OF *Grace*

A STATE OF *Anticipation*

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NORTH CAROLINA TODAY:

A STATE OF EMERGENCY
A STATE OF GRACE
A STATE OF ANTICIPATION

JONATHAN P. SHER

SMALL BUSINESS AND TECHNOLOGY DEVELOPMENT CENTER
UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL

PREPARED BY RURAL EDUCATION AND DEVELOPMENT, INC.
FOR THE NORTH CAROLINA ASSOCIATION OF EDUCATORS

Dedicated to the Memory of Dr. K. Z. Chavis:
Compassionate Educator, Inspirational Advocate and Joyful Friend

Dr. Jonathan Sher

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Most of all, I am indebted to Craig Calhoun for serving as the author of the companion piece, and as the source of much of the data used in my volume. His intelligence and diligence were vital to the completion of the entire study.

Of course, everyone mentioned above is free to take credit for whatever parts of the report they like—while disavowing any responsibility for any sections with which they might disagree...

INTRODUCTION

Although there are more than six million North Carolinians, the truth is that no one actually *lives* in North Carolina. We all live in much smaller places — a crossroads community in Chowan County, a small town near Asheville or a neighborhood in Charlotte.

In one sense, all of us are part of an ever-shrinking planet with an interdependent world economy and global problems (such as pollution) respecting no human boundaries. And yet, for the most part, we lead intensely local lives. Few of us spend much time or energy wrestling with what it means to be a North Carolinian (or a Southerner, or an American, or an Earthling!). They are simply descriptions of who, and what, we are.

Still, the meaning and manifestations of our identity as North Carolinians are of vital importance. Whether we became Tarheels by birth, by choice or by circumstance — and whether our families have roots here that are generations deep or we are newcomers who only recently have unpacked — there are indeed ties that bind us all together in forging a common future for ourselves and a common heritage for our children and grandchildren.

Being a North Carolinian is not the same as being a Nebraskan, a Vermonter or a Californian. There are bonds among us broader than those linking all Durhamites or all Ocracokers, but more specific than those connecting all Southerners or all Americans. In the midst of our local lives, national concerns and worldwide realities, it is easy to overlook the special bond and identity we share as North Carolinians.

However, it *does* make a difference that we all are citizens of the same state. Underlying this report is the belief that when we choose to ignore or to trivialize this common ground, we do so at considerable peril.

The good news — and the bad news — is that our destiny as a state is largely in our own hands. If we take our responsibilities as citizens seriously and act as wise stewards of the myriad riches and opportunities North Carolina contains, then there are few limits on the quality of life we can attain for ourselves and secure for future generations.

By contrast, if we succumb to the temptations to routinely place personal gain ahead of the public good, to allow short-term benefits to blind us to long-term negative consequences or to permit others to decide the future of North Carolina for us, then we surely will deserve the harsh judgment history — and our own descendants — will render.

This report is designed to serve three purposes. First, it is intended to hold a mirror before us, so that we may see our strengths and weaknesses reflected more clearly in relation to our own past, to our contemporaries in other states and to other Tarheels. Second, this report is intended to offer a vision of (and to provoke discussion about) North Carolina's future. And third, it is intended to describe the roles that both the state government and the citizens of our state might play in order to make that vision a reality.

In reading this report, what it is not also should be understood. It is not an encyclopaedic compilation of state-level facts and figures, nor is it a comprehensive "state of the state" analysis. The companion volume by Craig Calhoun entitled *North Carolina Today: Contrasting Conditions and Common Concerns* delves more deeply into the available statistics and other evidence related to the arguments made in this first volume. Dr. Calhoun's report also presents a reference section and bibliography for those readers interested in the sources of the data and the discussions appearing in these two volumes.

Similarly, this report is not a blueprint outlining precisely what to do or how best to do it. Aside from being presumptuous, such a document would be contrary to the intended spirit of sparking debate. Those recommendations readers deem worthy of further exploration should be followed up with careful analyses of the specific costs, benefits and likely impacts each might generate. And finally, although commissioned by the North Carolina Association of Educators, the views presented here are the author's alone. They have not been altered or censored in any way.

I. WILL THE REAL NORTH CAROLINA PLEASE STAND UP?

Some people start a serious diet by standing naked in front of a full length mirror and taking a good hard look at themselves. It's not always a pretty sight, but it usually is an effective way to spot those areas that have gotten badly out of shape — as well as to gain some reassurance about those areas that have held up well and are looking good.

It would be nice to have such an easy method of figuring out the shape in which North Carolina finds itself as the new millennium approaches. Unfortunately, there simply are not full-length mirrors available for subjects as large as our state.

We *can see* ourselves reflected in statistics about North Carolina. However, statistics sometimes seem like funhouse mirrors — distorting more than they reveal about our true dimensions.

For example, think about the apparently straightforward fact that, as of 1985, the per capita income of North Carolinians was $11,617. What does this really reflect about us? Is it high or low? Good news or bad? We do know that very few individual Tarheels actually have an income of exactly $11,617. This is not the income received by the average welfare recipient in our state, nor by the average lawyer here. We also know that, in real life, North Carolina contains both millionaires and penniless citizens.

So, then, is this statistic meaningless — a mere numerical toy with which academics and bureaucrats amuse themselves? No, statistics are valuable, indeed irreplacable, tools in analyzing the state of our state. The secret to unlocking their meaning is to ask the question: "Compared to what?". Armed with this question, we can begin to discover some of the important truths within average income data and a variety of other statistics.

This section will highlight key data about our state through the use of three kinds of "comparative" mirrors. One is the mirror of our own past — i.e., how we look when compared to the North Carolina of earlier years. Another is the mirror of our place within the region and the nation — i.e., how we look when compared with other Southerners and other Americans. The last is the mirror of our local and regional diversity — i.e., how we look when compared to one another across the state.

Let's use these mirrors to take another look at our state's personal income data. The first discovery we make is a genuinely positive one. The average per capita income in North Carolina surged from $7,524 in 1980 to $11,617 in 1985. This represented an increase of $4,093 (or 54.4/!) per person in only five years. While inflation caused most of this increase, it still is clear that North Carolinians, as a whole, experienced real increases in personal income when compared to the recent past. This surely should be greeted as good news.

This positive message is reinforced by the fact that North Carolina ranks among the nation's top ten states (and fourth in the Sunbelt) in per capita income gains. Our personal income growth rate is well above the national average. This is a healthy trend and one we hope will continue.

However, the national mirror also reflects less pleasant realities. While the *rate* of our recent income growth is encouraging, the actual *level* of North Carolina's per capita income continues to be cause for concern. We are still a poor state in the nation's poorest region. Our personal income earns us a fifth place ranking among the twelve southern states, but that only translates into 37th place in the nation. Put another way, there are just six non-southern states in America poorer than North Carolina.

The data reflect an even darker image when we look at the income disparities *within* North Carolina. They confirm the common knowledge that there is a small group of wealthy Tarheels compared to the abundance of genuinely poor people in our state, that whites are significantly better off economically than blacks and other minorities, that urban residents have notably higher incomes than rural residents, and that the Piedmont is a much wealthier region than either eastern or western North Carolina.

Less well-known, but more disturbing, are the data indicating that these income inequalities are becoming worse. During the 1980's, income disparities grew larger between rural and urban residents, as well as between the Piedmont dwellers and the people residing in either the eastern or the western thirds of the state. Similarly, while the actual per capita income of blacks and other minorities rose across North Carolina, it increased more slowly than for whites. Thus, the *gap* between the average per capita income of whites and non-whites became even more pronounced.

Even so, poverty in our state cannot be pigeonholed as a minority problem. The statistics reveal that while minorities are disproportionately represented in the state's poverty population, the majority of North Carolina's poor people are white.

By looking in these mirrors, we see the good news that rising incomes have begun to shift upward the economic standing of a state that has endured more than its fair share of time near the bottom of the national rankings. Yet, we also witness the bad news that North Carolina's long-established racial and residential patterns of income inequality are being *reinforced* rather than reversed by this new wealth.

LOOKING BACK TO THE FUTURE

The most natural comparison to make when gazing into any mirror is between the reflection of one's present condition and the rememberance of one's own past. Objective measurements tend to be pushed aside in favor of the subjective scales of memory and personal experience.

For instance, two people standing in front of a full-length mirror both may be twenty pounds overweight by objective standards, and yet they may have entirely different reactions to the image they see. The first person (having been fifty pounds heavier for many years) may take great pride in viewing his new "svelte" body, whereas the second (always having been on the thin side) may regard his "obese" body with alarm.

Similarly, native Tarheels most often view what's happening in North Carolina today from the perspective of their understanding and experience of the state's past. If they regard themselves, and the people they know personally, as being better off than they were in earlier decades, then they probably would agree that they, and the state, are enjoying a period of real progress. This positive perception is likely to hold firm even in the face of statistics proving they compare unfavorably with suburbanites in Connecticut. Conversely, if they believe *their* quality of life has deteriorated compared to how things used to be, then they are likely to continue feel unhappy about their condition — even in the face of data revealing them to be in better shape than the average Mississippian.

What do we see in the mirror of our past? Mostly, we see that North Carolina has come a long way in overcoming the legacies of a narrow and weak economy, oppressive racial discrimination, and a sense of always being behind the times. We are reminded that the "good ol' days" were not really very good for very many of us. And, we find the basis for justifiable pride in all the advances we have made despite our modest financial resources.

Compared to earlier times, we have made dramatic strides in such areas as communications, transportation, education and the recruitment of high paying, high skill, high technology industries. North Carolinians quite rightly bristle at their lingering reputation of being from a somewhat insular, "hick" state. Today, we properly can boast about our first-rate cultural offerings, top-quality dining and shopping places, "cutting edge" corporations, nationally-acclaimed universities and internationally-known resorts and health care programs. In most respects, North Carolina is now *modern*.

One key area where real progress has been made is in the diversification of our state's overall economy. While they are still vital, we have become less and less reliant upon the "Big Three" of textiles, tobacco and furniture. Today, we have a much healthier mix of economic activities than

at any time in our history. Tourism, insurance and banking, manufacturing, education and government, fishing, construction, movie-making, retail sales, timber and wood products, and information and service industries all are important to the current state economy. Agriculture remains a key component of our economy— but it too has changed and developed into one of the nation's most diversified producers of food and fiber products. Wisely, we no longer put all our economic "eggs" in a few, vulnerable baskets.

These advances have not gone unnoticed. Public opinion polls indicate that a clear majority of North Carolinians are at least "satisfied" with the quality of their lives and with the progress our state has made in recent years.

And yet ...

Looking into the mirror of our past, we can see that two of our state's traditional strengths have waned considerably. First, our splendid physical environment has suffered the effects of ill-conceived and poorly-managed development. From the acid rain damaging our western forests, to the air pollution problems of our Piedmont cities, to the erosion of our coastal ecosystems, we have growing evidence of our failure to properly safeguard the natural bounty and beauty with which we were blessed.

In just a few decades — a mere blink in Nature's time — we have managed to deposit more agricultural chemicals, dump more industrial wastes, and create more harmful emissions with our vehicles than our land, air, water (and bodies) can safely absorb and process. Such disregard for our state's natural heritage cannot continue without all of us paying a terrible price.

Second, the largely intangible — but vitally important — qualities of our shared *culture* also have been diminished by our headlong rush toward modernization. As we became more and more integrated into the national scene — through television and other mass media, through easier and less expensive travel, through deeper connections with outside corporations, and through participation in larger societal trends (such as the increasing dependence upon professional service providers) — we became less and less reliant upon both traditions and neighbors.

We watch the same shows as other people across the country, consume the same brand-name products, and pursue recreation in ways other Americans would find very familiar. McDonald's and Pizza Hut franchises in North Carolina are not notably different from those found elsewhere, nor are our shopping malls, strip developments and housing tracts especially unique. Many of the distinctive elements of our traditional culture now exist primarily for tourist consumption or for display on special occasions.

In short, North Carolinians have become increasingly homogenized into the national culture. Although true across the board, this homogenization appears to increase with socio-economic status. In other words, the poor remain the most traditional population in cultural terms, while Tarheel professionals have become the group most fully assimilated into the national culture.

Ironically, one force pushing us toward this national homogeneity has been the increasing *diversity* of our state's own population. The hundreds of thousands of non-natives moving into North Carolina in recent years — a predominantly middle class population — have brought innumerable benefits to their adopted state. But, they also have diluted the distinctiveness of North Carolina's traditional ways of talking, thinking and acting.

The negative aspects of our traditional culture (such as our deeply-ingrained racism and sexism) will pass away unlamented — particularly by those historically at the receiving end of this ignoble legacy.

However, should our positive characteristics (such as respect for the land, graciousness, friendliness, human scale communities and a relatively relaxed pace of life) also pass away, it would be a huge and keenly felt loss to our state's cultural identity. Modernization has not eliminated our cultural strengths, but it has made them more fragile and more in need of explicit reinforcement. It is a telling sign of the times that Raleigh's mayor felt compelled to launch a public campaign encouraging people to be more courteous and friendly toward each other!

Thus, the mirror of our past shows us that for better and worse, North Carolina has become an increasingly integral part of modern American society. We have made great strides in bringing the benefits of modern life within the reach of a broad cross-section of our state's residents. And yet, we are discovering that these real gains are accompanied by equally real losses. This pattern of a few steps forward followed by a step or two backward demonstrates that the movement of progress is not a march, but a cha-cha.

RANK COMPARISONS

One consequence of North Carolina's deepening integration into the American economic and cultural mainstream is the inevitability of being compared — and comparing ourselves — with other states. This always has been done, of course, but the results (if unflattering) used to be brushed aside with references to the uniqueness of our situation. Today, as our homogenization grows and our distinctive characteristics become less pronounced, such claims for exemption from national norms ring hollow.

Judging the state of the state solely on the basis of our own past is no longer sufficient. We must use additional mirrors to see ourselves clearly and completely. The mirror reflecting us in the light of our region and nation is a fascinating one into which we will gaze next.

Although a recent book pegged North Carolina as America's newest "mega-state" (joining such others as California, Florida, Texas and New York), there is little that *seems* "mega" here. Charlotte — with about 5% of New York City's population — barely squeezes onto the list of the 50 largest cities in the U.S., while Raleigh is our only other city among the top 100. Similarly, we have only three metropolitan areas (greater Charlotte, the Research Triangle and Greensboro/High Point/Winston-Salem) among America's 130 largest.

In fact, one of North Carolina's most distinctive features is the way in which our population is so widely dispersed across the state. No other large state has such an even balance between its urban and rural populations, nor is there another one that has such equal proportions of its residents living within, and beyond, metropolitan areas. This enviable distribution of people into a broad network of "human scale" communities prompted a *New York Times* reporter, John Herbers, in his book *The New Heartland* to title one chapter, "North Carolina: The Prototype for America's Future".

The comparative advantages of North Carolina — our pleasant climate, reasonable cost of living, lovely recreational areas, fine post-secondary education system, manageable communities, varied cultural opportunities and good people — are not a secret anymore. For example, Rand McNally's latest *Places Rated Almanac* ranked both the Triad and the Triangle among the top ten metropolitan areas in America. In addition, Asheville was honored as both the nation's *overall* best small metropolitan area, as well as the best one in the United States for retirees.

The perception of North Carolina's desirability is not limited to a few writers or state boosters. Hundreds of thousands of people have "voted with their feet" by moving here in the last two decades. Even with one of the lowest birthrates in the nation, we have experienced significant overall population growth. Six counties have more than doubled their population in the past generation, while twenty-three others have increased their number of residents by 50% to 100% during the same period.

However, these votes of confidence do not tell the whole story. When one looks at the actual data on hundreds of measures comparing all the states, North Carolina's star does not shine so brilliantly. There are relatively few positive measures on which North Carolina can be found among the top ten states in the nation (even though we are the tenth largest state in terms of total population). Far more often, our state can be found in the bottom half.

Even within our region, there are surprisingly few measures on which North Carolina can lay claim to the top position. For example, the Southern Growth Policies Board's publication entitled *A Profile of the South, 1986-87* presents eighty-eight tables comparing everything from per capita income to the number of patents issued — and from high tech employment to expenditures on highways. On the vast majority of these measures, North Carolina ranks in the middle of the pack, rather than as either the South's best, or worst, state.

Unfortunately, some of the areas in which North Carolina *does* break away from the pack are nothing to brag about. For example, there are two indicators that experts use most often to assess the overall health of any population. On the first — life expectancy — North Carolina ranks among the *bottom* ten states in the country. On the other — infant mortality (the percentage of babies who die within their first year) — North Carolina had the fifth *worst* record in America. In fact, the infant mortality rate in our state is worse than in any of the world's developed nations. It is more comparable with the situation in Poland or Costa Rica, than with our peers in Sweden, Japan or Canada.

North Carolina clearly also stands out from the rest of the nation as a state overflowing with the working poor. Consider that we have:

1. A poverty rate well *above* the national average — which means that we have one of the largest populations of poor individuals, poor families and poor children in America.
2. One of the nation's *lowest* unemployment rates — which means a higher percentage of us, including our low-income brothers and sisters, are working people.
3. One of the *lowest* percentages of welfare recipients in either the region or the nation — which means that our poverty population is not primarily dependent upon welfare payments.

North Carolina's economic hallmark is as a state with a huge number of people (Black, White, Indian and Hispanic) who remain in poverty *despite* having at least one family member who is employed. We have attracted lots of employers to our state over the years who have created lots of work here. Nevertheless, the data show that far too much of this employment has been in low-wage, seasonal, part-time and dead-end jobs — jobs that do not provide sufficient income, benefits and security to lift even the people *employed* to a place above the poverty line.

Our state ranks first in the nation in the percentage of the workforce employed in manufacturing (traditionally, the best-paying sector of the economy). And yet, North Carolina ranks next to last among the fifty states in terms of the average manufacturing wage. Perhaps it is not just a coincidence that we also rank next to last in the percentage of *unionized* workers.

Whatever the reason, the sad fact remains that our state has one of the *lowest* overall salary and family income levels in America. This is true even though a greater proportion of us have jobs, including manufacturing jobs, than is the case in almost any other state.

These are facts worth remembering when people boast that North Carolina has the best business climate in the nation. The factors historically used to judge "business climate" — low wage levels, low taxes, weak labor laws, less than rigorous regulation of workplace health and safety standards, and minimal enforcement of environmental protection measures — may look good in the eyes of corporations seeking to use North Carolina as a temporary stopping place en route to an eventual relocation in Taiwan, Mexico or other Third World countries. However, when viewed from the perspective of the North Carolina workers and communities who will be used and then left behind, these criteria leave much to be desired.

It has long been understood that there is a powerful relationship between education and the health, employment and income problems cited above. Therefore, we should not be surprised when reminded that North Carolina's record on elementary and secondary education does *not* compare favorably with the rest of the nation. Whether we examine years of schooling completed by the average adult, high school dropout rates, performance on standardized tests, or other outcome measures, there is precious little for us to brag about. In fact, on national indicators of educational quality, North Carolina pretty consistently ranks much closer to the bottom of the heap than to the top.

Money is far from the "be all and end all" of improving education, but our patterns of expenditure for education do reveal both our priorities and our status in comparison with other states. One of the most striking facts about North Carolina is that we have chosen to invest far more (proportionally) in higher education institutions than in elementary and secondary schools.

Some people believe that this long-standing pattern resulted from a desire on the part of earlier generations of state leaders to invest most heavily in the one sector of the public education system

traditionally dominated by white males. Whether or not this explanation is accurate, the historical pattern of North Carolina's elected officials — a group primarily drawn from the white, male graduates of these institutions — being relatively generous to higher education and relatively miserly to elementary and secondary education is apparent in the data.

Even today, the amount of state money we allocate to our *higher education* institutions on a per capita basis ranks us 12th in the nation. By contrast, the equivalent measure of our per capita spending on *elementary and secondary* schools reveals that North Carolina ranks 40th among the states (and no better than sixth in the South!). Our needs may be most acute in the public schools — that is, the same educational institutions from which our higher education students are drawn — but this is not where the greatest proportionate expenditures are made.

This is not an argument to reduce higher education spending. Our investments at the post-secondary level have been productive and wise ones that deserve to be maintained, if not expanded. The real point is to underline the need to invest more in elementary and secondary education across the state.

With approximately one out of every three students dropping out prior to high school graduation, and with the disappointing performance of the bulk of those students who do remain in school, it is painfully obvious that the pre-collegiate side of public education continues to be the one in the midst of a genuine crisis. North Carolina's economy simply cannot bear the lost productivity, lost resources and added expenditures associated with so large a portion of its youth entering adulthood so ill-equipped to succeed.

This crisis has not gone unrecognized within the state. North Carolina has started to make significant strides in supporting public schools with more than strong rhetoric. Elementary education, in particular, has been given a boost in resources and attention. Compared with our own past, the magnitude of our increases in funding seem impressive. For example, between 1981 and 1986, average per pupil expenditures increased by more than 50% in North Carolina. And yet, given the high inflation rate during this period, these gains are far dramatic than they might first appear. In constant dollars, this translates into a gain of well under ten percent.

More to the point, other states have not been standing by idly as we tried to catch up with them. Spurred by the recent wave of "blue ribbon" commissions calling for educational reform nationwide, funding for public schooling now is higher all across America. Thus, while we substantially increased the absolute number of dollars spent on our public schools, this did not notably raise our *comparative* status. In other words, North Carolina still has not closed the spending or educational performance gaps with the rest of the nation.

Even now, North Carolina continues to spend less per pupil than the national average for elementary and secondary education — although we spend more than most other southern states. Ironically, despite the spending increases here, we actually *dropped* from 33rd in the nation for 1985-86 to 34th for 1986-87, in terms of per pupil expenditures.

Given the magnitude of our educational needs compared with other states, it is clear that North Carolina's elementary and secondary schools continue to be markedly under-funded — and that backward slipping in the national rankings is absolutely the wrong direction in which to be heading.

What then do we see when looking for our reflection in this regional and national mirror? Which is the real North Carolina — the state routinely touted for its high quality of life and its ability to attract a large number of professional in-migrants and well-heeled retirees, or the state the data show to be a poor one mired in a morass of social, economic and educational problems? Do we live in a state of grace or in a state of emergency?

The abiding paradox of North Carolina is that it is both of these to some degree, yet neither of them entirely. This is not a new paradox, nor one likely to disappear in our lifetime. We are, after all, the state that elected two U.S. Senators as different as Jesse Helms and Terry Sanford. Pretending we are more unified and uniform than the evidence demonstrates serves no purpose.

A STATE DIVIDED AGAINST ITSELF . . .

The best way to see the *real* North Carolina is to stop looking at it as a whole (as we've done with the first two mirrors) and begin observing it as a collection of distinctive smaller units. To do this, we must gaze into the mirror that reflects our state's diversity.

All states have elements of diversity. What makes North Carolina special is that its component parts are each large and powerful enough to significantly influence the character and direction of the state. For instance, California has rural people and communities, but with over 91% of its population living in urban areas, the rural sector does not have anything close to equal clout. By contrast, with an almost even split between the urban and rural sectors, North Carolina cannot afford to take either one lightly.

There are numerous other boundary lines in the human geography of North Carolina — lines that include, and exclude, people on the basis of specific characteristics. Examples here include age, ethnic background, theology, politics, occupation, family status, birthplace, and education level. As is true throughout American society, gender also has been, and continues to be, a profoundly influential and pervasive boundary line.

However, the three "Rs" of our human geography — resources, residence and race — together provide an especially useful mirror for reflecting the multiple realities within North Carolina. The first "R" — resources — refers to the fact that what our state is *really* like depends to an unfortunate extent upon the financial resources individuals and families personally possess. Housing, shopping, transportation, health care, education, recreation, and even eating all boil down to a very different set of opportunities and options for the poor vs. the middle class vs. the well-heeled Tarheels. The North Carolina experienced by the professional level family earning $80,000, by the average family earning $20,000 and by the AFDC family receiving our maximum welfare payment of $269 per month turn out to be extraordinarily different places. Figure 1 shows the distribution pattern of these resources within our state today.

Of course, resources help determine what life is like for people everywhere. In North Carolina, there are two especially worrisome aspects to our pattern of income distribution. First, there is very little upward mobility taking place among people born into low-income families. Given the low-wage nature of much of our employment, low-income people have few opportunities to *earn* their way out of poverty. And, given the fact that low-income students tend to be relatively unsuccessful in our schools and to drop out more frequently than their middle class peers, they are unlikely *to* learn their way out of poverty.

Beyond this solidifying of a permanent "underclass" within our state, there is a second problem. The long-standing resource disparities within the state are widening, rather than narrowing. The rising tide of North Carolina's wealth is not lifting all our "boats" equally. In fact, millions of native North Carolinians appear to have been left at the dock, cast adrift, or have even sunk during the most recent wave of economic growth.

That wave of economic growth during the 1960's and 1970's included many branch manufacturing plants relocating here primarily from the urban Northeast. In such plants, there weren't many highly paid or highly skilled technical and managerial positions. And, most of the time, these few "good" jobs were filled by existing corporate employees the factory owners sent to North Carolina from out of state. Meanwhile, the bulk of the new jobs — that is, the lower skilled, lower paying ones — were made available to native North Carolinians.

This was not a conspiracy against Tarheels as much as it was a reflection of the fact that these companies easily could recruit better educated, better skilled, better trained, upper level employees elsewhere than they could within North Carolina. Our state was "marketed", and accepted, as a wellspring of docile, non-union, low-wage employees having a strong work ethic. Put bluntly, these companies wanted native Tarheels for their bodies, not their minds. Who we offered was a major incentive for these industries.

FIGURE 2: PERCENT BELOW POVERTY LEVEL

N.C. average = 14.8%
U.S. average = 13.0%

Less than 10% — Wealthy
10.1–15% — Average
15.1%–30.5% — Poor

However, this pattern has changed dramatically in recent years with the diversification of the state's economy into a variety of high tech, research and development, financial services and other information-based industries. Our attractiveness now is based more upon what we offer in terms of "lifestyle", affordability, tax and regulatory structure, and the absence of big-city problems than upon *who* we offer. Because they offer primarily middle to upper echelon technical and professional jobs, the major firms moving to places like the Research Triangle Park can, and do, tap the nation's labor pool. They are not dependent upon who happens to already be located in this state. Accordingly, these firms have spurred a continuing in-migration of middle class and professional level employees.

Thus, one link between the old reliance on branch manufacturing plants and the new reliance upon high tech and information-based industries is that neither one has needed native North Carolinians to fill their best jobs. Thus, these jobs have *never* routinely gone to native Tarheels. Our education system has been slow in adjusting to the labor needs in this changing economy. We still are not producing a sufficient number of the types of people able to successfully compete for this generation of "good" jobs within North Carolina's expanding employment base.

Thus, the influx of professional, managerial and skilled individuals from out of state was largely unavoidable. Moreover, it has allowed North Carolina to harvest the fruits of other states' human resource investments, to quickly raise the state's aggregate education and income levels, to broaden the tax base, to spark the creation of new businesses and to bring fresh ideas and energetic leadership to our state's organizations.

Less happily, however, the well-established pattern of native Tarheels being bypassed in the allocation of the best jobs has created a situation in which North Carolina society is becoming more and more stratified. We are developing into a state in which there is a growing, prosperous professional and managerial class. And yet, we are running the risk of that top group being heavily laden with non-natives, while a growing service (read "servant") class is composed of indigeneous, and often indigent, Tarheels.

It is already dawning on native North Carolinians that they have enjoyed fewer of the benefits of the development of *their own* state than these newcomers. As happened during the Reconstruction era of the original "carpetbaggers", the potential for divisiveness, for real resentments (on both sides) and for social tensions here is growing. If our resource gaps evolve into chasms instead of shrinking into fissures, there could be a tragic rending of North Carolina's social fabric.

Such tensions do not exist only between individuals, or at the level of socio-economic groups. There is another division within our state based upon the second "R" — residence. A series of important recent reports makes it clear that the "economic boom" across the South often ended at the city limits (or at the outer reaches of the region's metropolitan areas).

The rural South, most certainly including rural North Carolina, is experiencing genuine economic and social distress. People living in the North Carolina countryside, simply as a function of where they reside, face a variety of problems and disadvantages that would be considered intolerable (if not unthinkable) in an urban context.

For example, approximately one in four rural North Carolinians lives in poverty — a rate twice as high as in our urban areas. The unemployment figures are even more dramatic. For instance, at a time when the unemployment rate was 2.9% in Wake County (Raleigh), it was 30.2% in Graham County, 25.6% in Swain County and 19.1% in Hyde County.

The same pattern prevails in health care. While Orange County (Chapel Hill) has one doctor for every 362 residents, Bertie County has only one physician for every 7,114 residents. In fact, half of North Carolina's counties (all rural) report a serious shortage of physicians, with twenty-five of these having over 3,000 residents per doctor (more than six times the national average). Similarly, some routine tax-supported metropolitan services — such as water and sewer systems, public transportation, local police and professional fire departments, libraries, recreation centers and health care facilities — simply do not exist in our state's most rural areas.

Economically, rural North Carolina has suffered the "double whammy" of agricultural decline and manufacturing job losses in recent years. We have the most industrialized *rural* work force in America — the result of our pattern of decentralized manufacturing plants. Rural families have come to depend upon a combination of agricultural production and off-farm manufacturing employment to make ends meet. In recent years, both ends of this economic strategy have at least partially collapsed.

Approximately 75,000 textile jobs (i.e., nearly one third of the total number in our state) disappeared between 1970 and 1986. Manufacturing plant closings have become so common in rural North Carolina that the question often is not "whether" but "when" the local plant will shut down and move to a source of even cheaper labor in Asia or Latin America.

Meanwhile, the declining value of farm products and assets, the reality of rising costs, and the drop in returns on agricultural investments made farming seem like a losing proposition for farmers here, as elsewhere in rural America. More than one million acres of our farmland passed out of agricultural use during the past decade, while more than 20,000 North Carolina farms went out of business in recent years.

That's the bad news. The worse news is that these are almost certainly *permanent* declines resulting from long-term technological changes, international competition, government policies and other shifts in the structure of the economy. These lost manufacturing jobs and failed farms are not going to be revived. New factories recruited from outside the state, and new legal cash crops, are very unlikely to take their place. There are few new plants (in either the agricultural or industrial senses) available today and the competition for these few is fierce throughout the nation.

The last time there was this degree of rural economic distress in North Carolina, hundreds of thousands of Tarheels left the countryside to find work in the urban North. There will be no convenient disappearing act this time, largely because rural people know northern cities have no room for them. If they go anywhere, it will to the Sunbelt cities in North Carolina and beyond — decimating their hometown's prospects for rejuvenation, while exacerbating the current problems of rapid urban growth.

The issue of residence has a special twist in North Carolina because of the way in which our human geography is clearly divided into three major regions: the Coastal Plain, the Piedmont, and the Mountains. These regions are quite distinct entities in social, cultural, economic and political terms. Whereas regional identities carry some weight, it's unusual for people to identify themselves as being from "rural North Carolina".

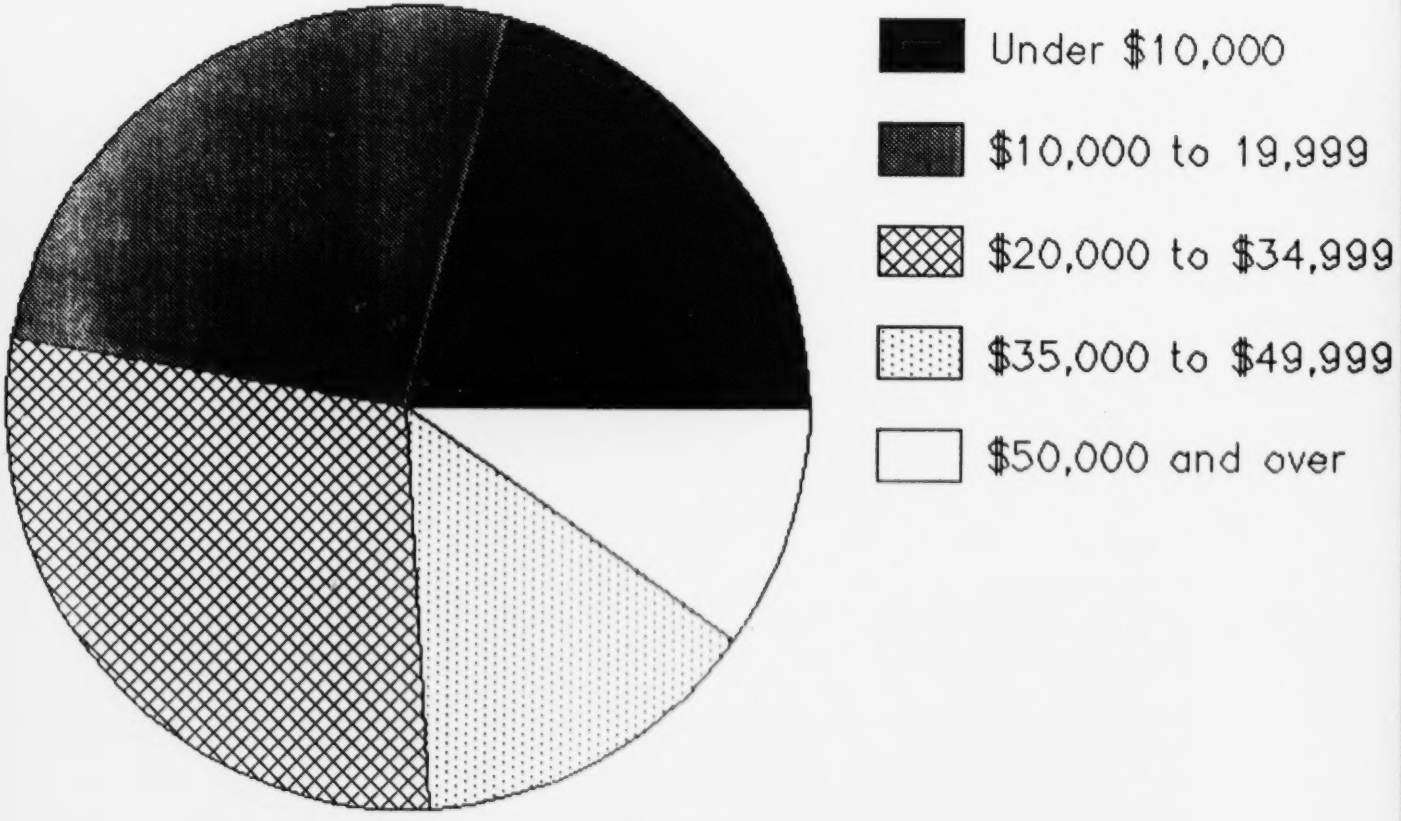
Still, rurality *is* the hallmark of the Mountains and the Coastal Plain. By contrast, the Piedmont is dominated by the state's three largest metropolitan areas. Thus, regional socio-economic statistics tend to parallel the statewide urban-rural patterns already presented. For example, Figure 2 shows our residential/regional distribution of wealth and poverty.

This mirror shows us that, to an alarming degree, *geography is destiny* in North Carolina. Children born in certain communities predictably will not have opportunities and life chances equal to those of similar children who had the good fortune to be born in more favored communities.

As the authors of a recent MDC, Inc., report on rural development in the South entitled *Shadows in the Sunbelt* concluded:

"Finally, the consequences of the current [rural] situation transcend economic considerations. The trends also threaten abstract, eternal values that have cemented the South's identity and made it worth perserving ... Even those of us a generation or two removed from the farm trace our love of the environment, our concern for thrift, our feelings for fellowman, our awe of nature and our sense of place to the routines of rural community life and our connections to the land. States in the South must tend to our roots or, in the end, risk our values."

FIGURE 1: N.C. TOTAL HOUSEHOLD INCOME LEVEL



1987

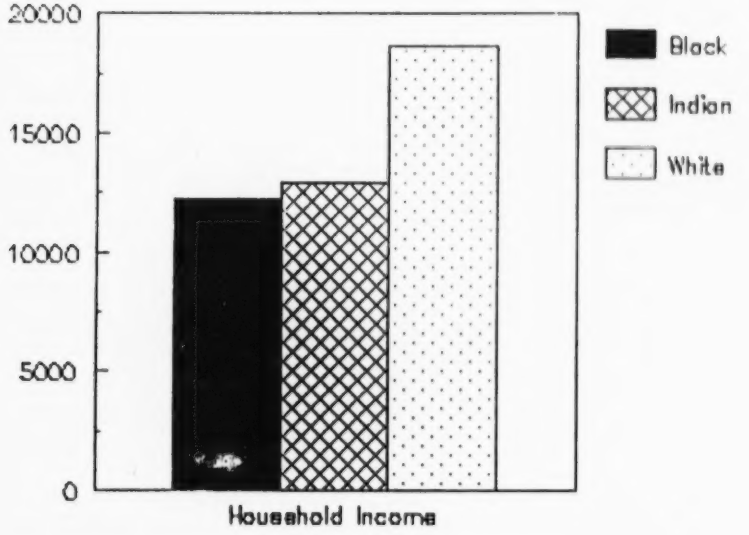
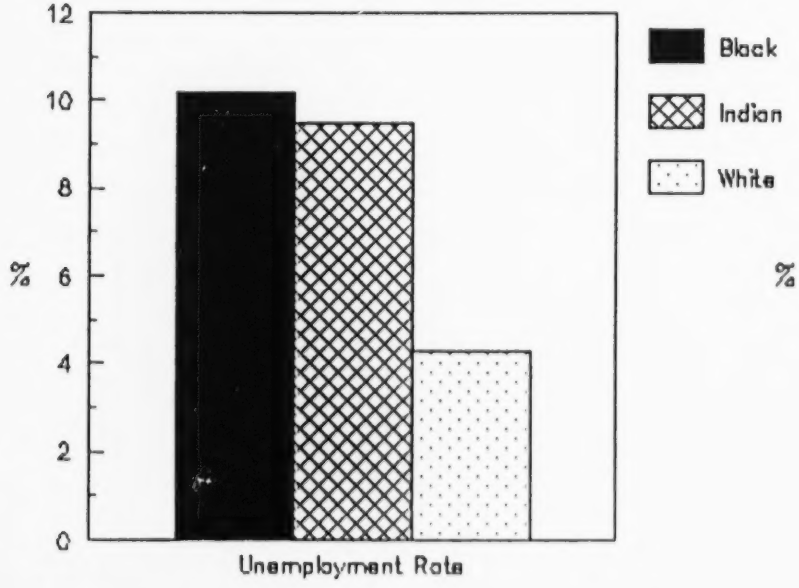
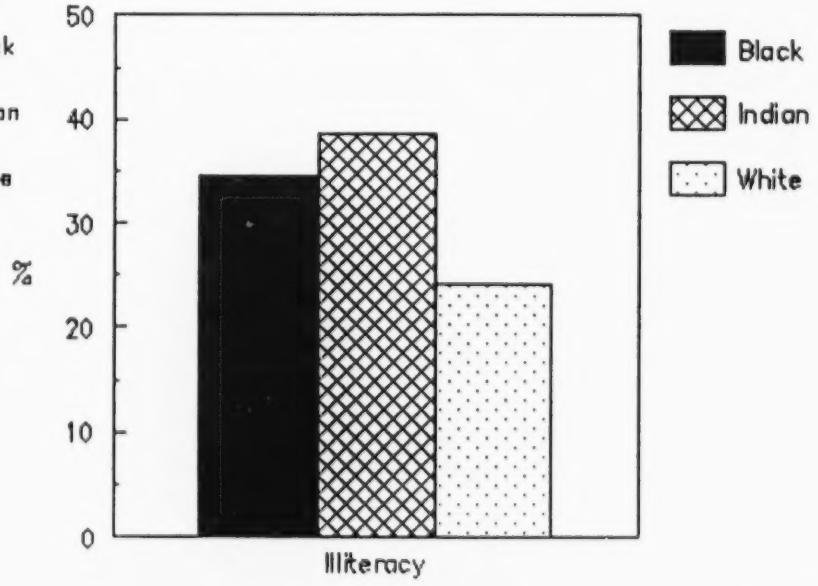


FIGURE 3:
THE LEGACY OF RACISM IN NORTH CAROLINA





The third "R" serving as a boundary line in our state's human geography — race — has been, and continues to be, of major importance. Blacks, Indians and Hispanics together comprise almost one-quarter of North Carolina's total population. Blacks alone account for more than 22% of our citizens — a figure exceeded by only six other states. Moreover, North Carolina is home to the largest concentration of Indians in the eastern United States.

Certainly, there are bright spots on the racial front. Minority incomes are rising. There has been a significant increase in the number of minorty group members elected and appointed to governmental posts during the past decade. There is a strong, and growing, black middle class (especially in our metropolitan communities). Genuine racial integration is taking place — at least at the public level.

Nevertheless, these healthy trends cannot mask the grim realities of the underlying situation. Despite the progress made, to be black in North Carolina is still to live in a world in which economic, employment, educational, political, cultural, recreational and residential opportunities remain circumscribed because of skin color. The fact that today's racial barriers tend to be far more subtle, informal and flexible has not rendered them harmless. In a certain sense, their submerged presence (as with crocodiles) makes them all the more insidious.

It is not a fluke that blacks are far more likely than whites to be living in poverty across our state. It is not merely bad luck that the infant mortality rate for blacks is 87% higher than for whites in North Carolina, nor that the overall life expectancy here is significantly lower for blacks. It is not inferior genes that force blacks to reside in inferior housing much more frequently than our state's whites. And, it is not laziness that has led an overwhelming proportion of blacks into North Carolina's *hardest,* most disagreeable, and lowest-paying jobs.

The dismal socio-economic statistics for blacks apply even more relentlessly to Hispanic agricultural workers and to Indians across our state. For them, there is little in the way of an "up side" to report. Figure 3 graphically presents a few key indicators of the continuing burden of being non-white in North Carolina.

These hard realities are the legacies of our history of racism. Minorities have long suffered the ill effects of such mindless prejudice. Today, we all suffer the consequences of this colossal waste of our state's human resources. However, the real cost is more than economic. Continued racism is corrosive to our souls, as well as injurious to our pocketbooks.

Gazing into the mirrors of our state's diversity can be a sobering experience. The three "Rs" of our human geography force us to confront some unpleasant and unwelcome realities about North Carolina. They remind us that within our borders there are very separate, and unequal, worlds in which our citizens actually live. Although less than two hours apart by road, the world of the white, middle class, metropolitan children growing up in Cary might as well be light years away from the world of the black, poor, rural children growing up near Gumberry.

To be a minority, *or* poor, *or* rural in North Carolina is to have one strike against you in terms of effective access to quality health care, the best jobs, top notch educational and cultural resources, and a myriad of other desirable opportunities. To be all three means that, without extraordinary talent, luck, support and/or drive, the chances of ending up living in the privileged world of Cary are slim or none. It does *not* mean our state's rural residents (or low income folks, or minority citizens) are bad people or that they come from bad communities. It only means they have been getting a bad deal for far too long — on the basis of characteristics over which they have precious little control.

What this final mirror reflects is a state in which the benefits of overall growth are not being equitably distributed among all our communities or all our citizens. It shows us a state in which social and economic polarization is deepening, rather than dissipating, with increased wealth.

The North Carolina prompting some writers to wax poetic about our state's current virtues and future prospects is found in the upper echelons of life in the Triangle, the Triad, the Asheville area, metropolitan Charlotte, Wilmington and smaller enclaves like Southern Pines. It is a North

Carolina rarely experienced by the great majority of native North Carolinians (including low income and minority members of these same communities!). By contrast, the North Carolina to be found in the hundreds of Bughills, Gumberrys, Halls Mills, and Spring Creeks across our state attracts more social workers than socialites — although rarely many of either group.

While not of much interest to the folks who compile the *Places Rated Almanac*, the Tarheel people and places yet to bask in the glow of Sunbelt prosperity, or to partake of the fabled New South lifestyle, should be of vital concern to the rest of us. The story of the future of our state is being written by the "have nots" as much as by the "haves". North Carolina never will reach its enormous potential as long as the three "Rs" of resources, residence and race continue to divide — and conquer — us.

We will conclude this section with one final look into a mirror that reflects a sobering vision of who, and what, we have become as a state. On the following page, the North Carolina Anti-Complacency Index is unveiled. This Index does not offer the (genuinely) upbeat side of today's Tarheel story. That happy story is routinely told both within, and beyond, the state. The Index does *not* disclose the kinds of facts and figures that official state agencies go out of their way to collect or make public, that chambers of commerce brag about to prospective businesses, or that any of us would like to think of as the legacy we are bestowing upon our children and grandchildren. They present very uncomfortable, disturbing realities.

These negative aspects of life in North Carolina are not of recent origin. Our problems have not, and will not, solve themselves. Ignoring them has not, and will not, make them go away. In fact, these challenges to our sense of complacency probably *ought* to haunt us more than they actually do.

The North Carolina Anti-Complacency Index

Disquieting Facts about the State of Our State

* 800,000 North Carolinians are illiterate. Even if they wanted to, one out of every five Tarheel adults would be unable to read this report.

* Since 1980, approximately 275,000 students have dropped out prior to graduating from high school. These young people are far more likely to become unwed parents, to be unemployed, to end up on welfare, and to serve time in prison than are high school graduates, especially those who go on to any kind of post-secondary education.

* Just 45 corporations, government agencies and families own one out of every five acres in North Carolina. A little more than 1% of the state's population owns 41% of all the land here.

* Hundreds of thousands of our fellow Tarheels still are living in badly-dilapidated, substandard housing lacking plumbing and/or adequate protection from the elements. An unknown, but apparently growing, number of our state's "residents" are, in fact, homeless.

* Over 500,000 Tarheels have alcohol or drug-related problems serious enough to have caused productivity losses, triggered domestic violence, warranted medical attention, caused accidents or resulted in criminal behavior. These problems are estimated to have cost the state hundreds of millions of dollars, both directly and indirectly.

* Police across North Carolina receive more than 250,000 reports annually of crimes classified as "serious". These include more than 500 murders, 1,500 rapes, 3,000 child abuse cases, 5,000 robberies and 20,000 aggravated assaults. These only represent the *reported* crimes. The number of felonies commited here each year is increasing.

* North Carolina ranks 5th from the *bottom* in terms of the percentage of eligible people who actually vote, but 5th from the *top* in the number of pregnancies among girls aged 10-14.

II. BORROWING FROM OUR GRANDCHILDREN

No mirror can show us — and no person can guarantee us — what we will look like in the future. One of the joys, and terrors, of life is its unpredictability. No long-term plan (and only the rarest short-term one) has been realized exactly as envisioned.

And yet, mercifully, it is equally clear we do not live in an entirely random and chaotic world in which nothing is predictable. Indeed, another joy, and terror, of life is the knowledge that our choices really *do* matter. By looking back at our history, we can understand that the choices made, the actions taken, and the things done (as well as those left undone) all have shaped our present realities. With the benefit of hindsight, we can see how different our lives, our communities and our world would have been *if only* this, that or the other path had been taken.

Neither the problems nor the blessings that characterize our state today are guaranteed to continue indefinitely. There are no natural laws, divine commandments, or inexorable social and economic forces dictating that North Carolina always *must* have an embarassingly high rate of adult illiteracy, nor that we always *shall* have beautiful lakes with an abundance of fish. What we choose to do, or not do, in our own lifetimes will have an impact on these (and a thousand other) aspects of life, for better or worse.

No citizen of North Carolina is an innocent bystander in the creation of our state's future. The privilege, and the responsibility, of being people who influence the future is *not* reserved for the wealthy, nor for the official "leaders" among us. Although they may seem to make more of a difference as individuals than the rest of us, it remains true that the collective actions of "ordinary" citizens have a much more powerful long-term impact.

For instance, our business, political and educational leaders could (and should) decide to launch a program to promote literacy. Nevertheless, the problem of illiteracy will not actually be solved until the "ordinary" people living with this profound limitation choose to make the effort to overcome it with the help of other "ordinary" people who choose to make themselves available to assist their neighbors in this way.

Similarly, our elected officials could (and should) decide to pass legislation and develop programs designed to protect our lakes, but this will not end up meaning much if the people in North Carolina decide to keep polluting the streams, dumping refuse in and around the lakes, and otherwise acting in ways which undermine the intent of such legislation.

The individual choices and actions of each of us — large and small, public and private, at home, at work and in the voting booth — have an enormous *cumulative* impact on the future of North Carolina. Although we may feel relatively powerless as individuals, this cumulative impact should serve as a reminder that, to a much larger extent than we commonly acknowledge, the future of our state is in our own hands. It also should underscore the fact that we really are all in this together.

Defining the future as next month or next year allows very little time for any choices and changes we make to take effect. Conversely, talking about the future in terms of a hundred years from now seems futile because of the nagging suspicion that the pace of change is accelerating so fast that we are ill-equipped to even imagine what life will be like late in the 21st century.

One way of thinking about a future far enough distant to allow significant changes to occur, yet close enough to be imaginable, is to focus on the world of our grandchildren. For most of us, that means thinking about a time twenty to fifty years from today, when our grandchildren would range from young adults to middle aged. The question becomes: "What do we want North Carolina to be like in our grandchildren's time"?

The trick here is first to develop a *vision* of the kind of state we would hope to bequeath to our grandchildren; and then to work our way back from that vision to a clear sense of the steps we would have to take now, and in the years ahead, in order to make it more than a pipedream. We can start this process by taking seriously the maxim that: *We did not inherit the world from our parents; we are borrowing it from our grandchildren.*

For example, if we wish to preserve for our grandchildren both the cultural heritage and the economic resources of our state's crabbing, oystering and clamming areas, then we cannot permit the kinds of industrial waste, agricultural run-offs, and tourist/second home developments that predictably and irrevocably will decimate these shellfish beds.

Envisioning a North Carolina in which there are unlimited resources, unbounded love and respect among all people, absolute equality in the distribution of public and private goods, and no serious problems of any kind may be what we *want* for our grandchildren, but we *know* that such a Utopian dream has no particular relationship to our history, to our reality, or perhaps even to our basic character. While praying that we're wrong, our minds and experience tell us that North Carolina is not likely to become "the southern part of Heaven", even in our grandchildren's time.

Nevertheless, we can — indeed must — do better than allowing the future to be nothing but "more of the same". If some key trends simply continue unabated, North Carolina will be changed permanently for the worse.

For example, it is entirely predictable that our state's broad distribution of human scale communities nicely balanced between urban and rural, metropolitan and non-metropolitan, will be gone — and one of the keys to our distinctive quality of life will be gone with it. What we will have instead is a state in which the rural areas (having been drained of their best people and their vitality) serve primarily as playgrounds where both tourists and city dwellers can relax, unwind and enjoy various packaged re-creations of North Carolina's natural and cultural heritage.

Our urban residents are going to need these breaks in "Tarheel Land" in order to cope with the increasingly frenetic pace of life in the overcrowded, Los Angeles-style urban sprawl that will dominate the Piedmont, as well as such other areas as Asheville and Wilmington. In fact, the Los Angeles of today may be the harbinger of the North Carolina of our grandchildren's age. After all, the "greater" Los Angeles area (rather than older urban areas like Newark or Detroit) represents the logical consequence of the development patterns and economic changes already underway in North Carolina today.

If current trends are left unchecked, we also can anticipate a severe tearing of North Carolina's social fabric. This tear will occur as the gulf between the state's "haves" and "have nots" continues to widen.

As predictably happens where such economic disparities are growing, the symptoms will include a dramatic rise in the rate and severity of crimes (and substance abuse), the obsession with personal security and the level of police crackdowns on "criminal types" (i.e., the poor and disenfranchised). More extremist groups of all kinds are likely to emerge and become active.

There also will be an even greater erosion of our traditional work ethic as the state's low-income people cease to perceive any particular virtue in working hard for wages that only keep them mired in poverty.

The public education system — having become heavily bureaucratic, de-personalized, and rigidly fixed on standardization — will be abandoned by nearly everyone with the resources to afford private education. This, in turn, will cause a host of problems ranging from the strict isolation of children along class lines, to many of the best teachers following the best students into the private sector, to widespread disillusionment among the "have nots" as the education system ever more obviously fails to deliver on its historic promise that good behavior and good performance in school will lead to socio-economic progress.

Of course, the "Californication " of North Carolina — in housing, race relations, education, crime, transportation and economic stratification — is *not* inevitable or pre-ordained. We are not doomed to replay a Tarheel version of Los Angeles (movie studios and all!) if we choose to intervene before the negative trends already in motion become firmly entrenched. The future can be different, and better, than present trends writ large.

CREATING THE CONTEXT FOR A STATE COVENANT

Our state has a variety of historic strengths and positive trends that, if properly nourished and cultivated, could make the North Carolina of our grandchildren's time an even greater place to live and work than it is today. These causes for pride and hope were identified earlier in this report, and are explored in greater detail in Dr. Calhoun's companion volume.

In thinking about the kind of future we want for our state, we should resist the temptation to become pre-occupied with technological changes. Our grandchildren indeed may live in a state where interactive television has replaced telephones, where solar powered public transportation has rendered traffic jams obsolete, and where most shopping takes place via computer links with merchants far and near. These, and myriad other technological marvels as yet unimagined, all may be humdrum features of daily life by the time our grandchildren are middle-aged.However, technology does not lie at the heart of our quest for an improved quality of life. High tech has not elevated us above our lower instincts today, nor will it do so tomorrow. Personal computers have not freed us from the genuinely personal concerns that faced our grandparents (and their grandparents before them). Even technologies that are profoundly important in certain ways will not exempt our grandchildren from the struggles of living as imperfect people in an imperfect world.

If technological changes will not automatically enhance the quality of our grandchildren's lives, then we must look elsewhere for the path to a better North Carolina. One obvious place to start is with our state government.

State government plays a vital (if occasionally overlooked) role in each of our daily lives. Among the most obvious bonds uniting us as North Carolinians are our state laws, state agencies and statewide public programs. We all pay state taxes, we all drive on state highways, we all are governed by the same state regulations, we all have access to institutions that are state-supported, and we all depend upon various state departments to protect us from a variety of dangers.

North Carolinians have a long tradition of expressing skepticism about government — especially big, centralized government. However, this attitude has not always been reflected in our actions.

North Carolina's local governance traditionally has focused on the county level, rather than on the more decentralized town or community level (as in New England and many of the Prairie and Western states). So, it may seem ironic that we have one of the nation's most centralized and powerful state education agencies. Indeed, it is apparent that state laws and institutions are playing an ever-increasing role in the lives of ordinary Tarheels. Not a day passes in which the influence of the government is absent from the conduct of our daily lives at home, at work, at school, or in the community.

It is hard to imagine a realistic future in which the state's influence does anything but expand. Whether this will be a healthy trend or a dangerous one largely depends upon us. "The State" is no more, and no less, than what we make it — and what we allow it to become. North Carolina's Constitution gives us tremendous freedom to make of it what we will. Our responsibility as citizens is to insist that *our* Constitution, *our* laws and *our* state government reflect the values, principles and priorities *we* hold most dear.

For instance, people in other states (and in Washington, D.C.) may not care one whit about whether North Carolina's small towns survive. However, if *we* care, then we have both the opportunity and the obligation to ensure that "The State" — our state government — acts in ways that will assist, rather than destroy, these small towns. Our Constitution is sublimely neutral in relation to this, and most other, pressing state issues. It is far more concerned with process and with structure than it is with content.

Elected officials, public sector policymakers and a gaggle of special interest groups compete to advance their agendas. Together, they have created the current tangle of legislation and governmental initiatives that "guide" our state. As one might expect, North Carolina has its fair share

of public policies/programs that work well and those that work poorly. What is important to remember is that *no governmental decisions or initiatives are value free.* Although rarely explicit, each embodies a set of values and priorities that serve as the foundation upon which the North Carolina of our grandchildren's era right now is being constructed.

What has been missing is a clear statement of the values, principles, and priorities by which our state *should be* guided. Stated differently, what has been missing is a vision of the proper foundation upon which to construct North Carolina's future. This vision will have to be created together based upon our common interests and concerns.

We don't need a new state Constitution. We *do* need a state covenant to articulate, and to establish the priorities for, the kind of North Carolina we wish to prepare for our grandchildren. One such covenant is offered here to spark discussion and debate, not foreclose it. It is likely that the process of trying to develop this covenant would itself advance the cause of restoring a sense of common ground and common purpose among our citizens.

In the Biblical sense, a *covenant* refers primarily to the special bonds of mutual obligation entered into between God's people and God. The variety of covenants revealed in the Bible have served as the theological bases for the religious life of our predominantly Judeo-Christian citizenry.

Yet, a covenant can define and reflect a more secular bond. The promise to protect and promote one another's welfare can be made between individuals (such as in the Biblical covenant between David and Jonathan) or among groups of people (including the diverse groups within our state).

There are a spectrum of precedents for these public covenants, ranging from the Declaration of Independence to the original Social Security Act. In our imperfect world, we do not expect these commitments always to be fully and faithfully realized. Yet, even imperfectly implemented, these expressions of our shared values and aspirations serve a vital purpose — largely by providing a much-needed sense of the directions in which we as a society should be heading.

Like these earlier attempts to unite us, any North Carolina Covenant must seek to make explicit the obligations we share as citizens of this state — and the common priorities we agree to pursue on behalf of our own grandchildren. As is true of all covenants, it would embody a promise freely made, but one that cannot be broken lightly, or without negative consequences.

The North Carolina Covenant proposed here is offered in the faith that the majority of our citizens are hoping, and striving, to make our state a place:

where each generation will enjoy a better quality of life than the one preceeding it;

where the natural blessings and beauty of our state will be safeguarded for our grandchildren (and their grandchildren) rather than plundered for whatever short-term benefits we can reap for ourselves;

where all citizens — no matter what their race, residence or resources — will receive the assistance they need to develop their healthiest, most productive and best selves;
and

where our public resources — that is, our common wealth — will be both marshalled and distributed fairly and wisely.

No one is given the vision to see the precise contours of our future. It is not our place to know in advance the major events and inventions, evolutions and surprises that will shape the North Carolina of our grandchildren. Even so, we can spell out a set of values, principles and priorities we *hope* will characterize life in their North Carolina. Already having had a foretaste of these blessings in our state, we know that they represent the greatest inheritance we could bestow upon future generations of Tarheels.

THE NORTH CAROLINA COVENANT

All citizens who embrace the North Carolina Covenant are making a commitment to work together to promote the following shared goals:

FOR EACH PERSON IN NORTH CAROLINA:

1. **A strong and healthy family** — although they come in an increasing variety of sizes, types and configurations, the human need for the intimacy and caring of a family is universal. The family is the unit in which our habits, attitudes and understandings are first formed and tested. Our families continue to be the most fundamental building block of our state. The goal should be to strengthen these units without sacrificing the individual well-being and integrity of its members.

2. **A sense of empowerment** — a powerful and independent state cannot be built upon the backs of people who perceive themselves to be powerless and dependent. We need to foster both the belief in, and the reality of, a state in which "ordinary" citizens can influence the institutions, policies and programs that affect their lives. People (as individuals and as groups) must be able to sense, and to see, that they *do* make a difference.

3. **An opportunity to be productive** — the need to make a worthwhile contribution to something beyond ourselves is deeply-ingrained. We work not just to sustain ourselves financially, but also as a way of expressing our talents and establishing our place in the community. We need good jobs — jobs that offer a reasonable income, safe and humane working conditions, and a chance for individuals to use their talents fully. We also need to recognize and support the non-remunerative forms of productive work that take place both within the voluntary sector and within the family.

IN RELATION TO ONE ANOTHER AS NORTH CAROLINIANS:

4. **A spirit of cooperation** — although the politics of selfishness have made in-roads in North Carolina (as elsewhere), we must never forget that our *interdependence* is the cornerstone of our lives as individuals, and as a state. We literally cannot survive without each other. Even within our economy, our ability to successfully compete with others is largely a function of our willingness to cooperate effectively among ourselves.

5. **Strong and healthy communities** — just as individuals need families, so too, families need communities in order to derive a sense of belonging and to pursue the common good. The genuine caring and sharing that define good communities are irreplaceable elements of the quality of life. Whether these communities are based upon geography, upon shared characteristics, or upon shared values and beliefs, they are crucial to the well-being of our people — and therefore, to the well-being of our state.

6. **The habit of fairness** — given their voluntary nature, "community" and "cooperation" both are dependent upon people treating one another in a reasonably just and equitable manner. This is not only a matter of proper manners, but also a recognition that fairness (at both the personal and institutional level) is the glue binding us together through good times and bad. Especially in the collection and allocation of public resources, we must insist that our "haves" not be allowed to prey upon our "have nots".

FOR NORTH CAROLINA AS A STATE:

7. **Sustainable natural and built environments** — in order not to "cannibalize" our grandchildren's inheritance, we must learn how to become better stewards of the natural bounty entrusted to our care. We also must learn how the human-created environment we require for our own use can exist in better harmony with the natural one we have been given. The traditional Tarheel feelings of connection to our land should not be dismissed as mere sentimentality, but

rather reinforced as the ethic which could save us from the folly of believing that we are no longer dependent upon the natural world for our own sustenance and survival.

8. **Cultural vitality** — we have been given a wonderfully rich and diverse cultural heritage along with our natural one. By preserving and extending the many traditons (of creativity and artistic expression, of manners and hospitality, of making a living and recreation, of faith and charity) that have enriched our quality of life, we can pass along to our grandchildren our special ways of understanding and celebrating our humanity. Despite the growth of a homogenous national culture, there still is room for the various cultural identities linking us as North Carolinians.

9. **Economic diversity** — whereas one string is easily broken, a cable made from a hundred strings tightly intertwined has great strength. Our economy traditionally has endured the pain of over-reliance on a limited range of products, while recently enjoying the benefits of more varied enterprises and more balanced economic sectors. While welcoming outside companies and investments that will enhance our economy, we must devote greater attention to cultivating "economic growth from within".

10. **Human scale institutions and communities** — the goals outlined in this covenant require places and organizations small enough to allow ordinary citizens to feel, and exercise, real influence. Excessive urbanization centralization, anonymity and bureaucracy are harmful to the quality of life — and to the economic vitality — we want our grandchildren to enjoy. North Carolina's historical advantages of a fairly even urban/rural, metropolitan/non-metropolitan balance, and of a network of hundreds of small, vital communities must be vigorously maintained.

BREATHING LIFE INTO THE COVENANT

The North Carolina Covenant provides a vision of the kind of state we want our grandchildren to inherit from us. It articulates *what* we want, but not *how* these principles and priorities might be implemented.

When we think of action affecting North Carolina as a whole, the natural inclination is to consider the role of the General Assembly and the state government. After all, they represent the official "powers that be" in our state today. There *are* connections between the principles set forth in the North Carolina Covenant and the work of the state government.

Every important piece of state legislation and state policy has some bearing on the accomplishment of the Covenant goals. For instance, if the General Assembly passes legislation ensuring that all workers within the state have a right to paid parental leave, then they are taking a step toward the realization of the Covenant goal of "strong and healthy families". Conversely, when they enact a law that forces low-income fathers to be absent in order for their children to receive any public assistance, they are acting in a manner contrary to this goal.

Thus, one of the immediate uses of the North Carolina Covenant is as a tool for citizens to use in evaluating our state government. It can serve as a simple, but powerful, yardstick for measuring the progress our state representatives and officials make toward laying the foundation for the kind of North Carolina we want our grandchildren to enjoy.

It provides ordinary citizens with an reasonable basis for weighing the merits of various proposals, policies and plans being considered in the either the private sector or the public sector. Those initiatives likely to make the greatest contribution to the accomplishment of the Covenant goals deserve our support. On the other hand, initiatives likely to thwart the accomplishment of these goals should be actively opposed.

Many people in the General Assembly and in state government — also being citizens who care deeply about the future of our state — may find this Covenant to be a useful guide in formulating, and evaluating, their own agendas. Public officials could ask themselves as they con-

sider each new policy and program, each appropriation and tax break, whether a particular measure would be supportive of this Covenant or contrary to its realization.

So armed, they might have a stronger basis for resisting the pressures to act in ways serving narrow short-term interests, but resulting in the devaluation (or destruction) of our grandchildren's inheritance. Equally important, the Covenant could inspire them to think about new ways to use their power to promote its positive values and principles.

Our business leaders also have a stake in seeing the North Carolina Covenant brought to fruition. Far from being a decaying economy on its last legs, the truth is that the economic potential of our state has only begun to be tapped. Killing the goose laying golden eggs of the kind and size North Carolina has to offer is not just bad public policy; it also is bad business.

Especially for non-exploitative "homegrown" businesses having deep economic and personal ties to our state, anything that will serve to protect and multiply the return on their investments also will enhance the quality of life here. One of the beauties of North Carolina can be found in the range of possibilities it offers for businesses to "do well by doing good".

Conversely, companies that feel threatened by the goals of the Covenant are likely to be ones that, in the long run, we are better off without. If these businesses are undermining the creation of the North Carolina we want for our grandchildren, then why encourage and assist them today?

Commitment from both the public and private sectors is vital, but this is not the beginning and end of what could, and should, be done. The principles articulated in the North Carolina Covenant must be translated into state policies, but they also must become manifest in the lives and work of citizens in their own communities.

The question for readers who are neither state officials nor corporate leaders to ask is not "what can someone else do later?", but rather "what can I do now?". If we embrace the challenges before us with a positive spirit, we may discover that we will not even have to wait until our grandchildren's time for that better North Carolina to become a reality.

III. ESSE QUAM VIDERI

North Carolina's official motto, "Esse Quam Videri" ("To Be Rather Than To Seem"), is a reminder that grand statements of intentions are not enough in this world. They must be accompanied by effective actions.

What realistically *could* be accomplished in the next decade, so that we enter the new millennium well underway in our quest to bring the North Carolina Covenant to successful fruition? What *could* be done in our own era to plant the seeds we want to blossom by our grandchildren's time?

The answer is, first, to select a manageable set of priorities for action. These must be powerful enough to impact positively upon the Covenant goals, yet modest enough to be "do-able" in the context of the real world. A second key criterion is that these priorities must be amenable to direct action by both governmental agencies (local through federal) and private sector organizations (from community groups through major corporations). There also must be a place for individual citizen action.

The final criterion in selecting these priorities is to identify areas in which detailed planning and widespread implementation has *not* taken place already. It would be pointless to call for a major effort to attract new companies to relocate to North Carolina. That effort has been, and doubtless will continue to be, actively pursued in any case. The more challenging task is to identify crucial areas of Covenant-related action in which widespread implementation is neither a foregone conclusion, nor impossible to achieve.

Four such areas are proposed in this section. Each speaks to the *problems* reflected in the first section's "mirrors", as well as to the *prospects* embodied in the North Carolina Covenant. These four priority areas are:

1) Lifting the working poor out of poverty;
2) Fostering entrepreneurship and small business development;

3) Meeting the needs of young children; and
4) Expanding the voluntary sector.

LIFTING THE WORKING POOR OUT OF POVERTY

The stereotypic image of the poor, held by liberals and conservatives alike, is of non-whites on welfare who lack a strong work ethic, and who are unemployed (and largely unemployable). The conservative solution to poverty has been to keep government support so miserly that there is a real incentive for the poor to overcome their shiftlessness, first through workfare programs and later through regular employment. The liberal solution has been to replace the conservatives' "stick" with their own "carrot" combining more fulsome support and services for the poor with more extensive work experience and training. Still, both camps are united by their assumption that employment is the antidote to poverty.

However, these stereotypes and assumptions bear little relation to the realities that, in North Carolina: a) the majority of poor people are white; b) the majority of poor families, white and non-white, are not on welfare; and c) the vast majority of the able-bodied living in poverty, white and non-white, are hard-working people who are not just employable, but already are working at least one job. There is something seriously wrong when hundreds of thousands of our fellow North Carolinians are employed in the best job(s) open to them, stay off of welfare, work hard, pay taxes — and still end up impoverished!

These are our brothers and sisters, our fellow citizens — not anonymous individuals terribly different from the rest of us. They include some people who work behind the counter at fast food restaurants; who clean our workplaces; who make deliveries to us; who are aides in our schools, hospitals and nursing homes; and who bake our bread, pluck our chickens and run the cash register at our grocery stores.

How is it possible that there are so many working poor here? Consider the fact that a person working at a minimum wage ($3.35 an hour) job for 40 hours each week during all 52 weeks each year has a gross annual income of only $6,968 (minus social security and taxes withheld) — while the official poverty line for a family of four is $11,203 in cash income. As Figure 1 showed, approximately 1 out of every 4 Tarheel households has a total income (*including* all government benefits) below $10,000.

Alternatively, consider the dilemma of a single parent with one pre-school child who may earn $4.50 per hour (or $9,360 annually if she didn't get sick, have any vacations or take a day off all year). She must pay not only social security and taxes out of this amount, but also upwards of $2.00 per hour for child care and transportation costs to and from work. Then, remember that she must pay all doctor's bills, hospital charges and pharmacy costs out of her own pocket because she is too "well off" to qualify for Medicaid and most employers do not offer health insurance to their lower echelon employees. And finally, understand that she represents an *idealized* case that does not take into account the fact that much of the employment in our state is only available on a part-time or seasonal basis.

The epidemic proportion of working poor people in North Carolina has negative repercussions all across our economy and society. Poverty is closely associated with most of our pressing problems — from substandard housing and homelessness, to school failure and high dropout rates; and from infant mortality and substance abuse, to a low tax base and an inability to attract new high tech industries to rural areas.

Of course, it is the working poor themselves who bear the brunt of these problems. They are the ones who either stay cold, or pay too much for heat, because they cannot afford properly insulated homes. They are the ones who avoid preventive health care and cannot afford early treatment of their children's problems because their employers don't provide any health insurance. They are the ones who do all the dirty work for the rest of us — and remain very meagerly "rewarded" in return.

North Carolina is overflowing with the working poor because of the unhappy convergence of three trends. First, while North Carolina's leaders have excelled at attracting *lots* of jobs to our state, they have never been very fussy about the *quality* of the jobs generated.

As a result, North Carolina earned the reputation of being a haven for runaway industries that offered precious little in the way of job security, a reasonable wage, "career" advancement, fringe benefits, or safe and healthy working conditions. As long as the politicians and policymakers could point to high levels of employment and to ringing endorsements of North Carolina's great business climate, they didn't unduly concern themselves with distinctions between good jobs and lousy ones.

The second reason there are so many working poor here is because of structural changes in the economy away from both primary industries and manufacturing industries — and toward low-wage, part-time, seasonal, dead-end service industries. North Carolina has more than its share of the new "FFA"s (*Former* Farmers of America). These are people who used to depend upon their agricultural sales plus some off-farm employment to make ends meet, but who cannot make this combination work any longer. They are joined in the ranks of the new service workers by laid-off middle-aged textile employees, by retirement-aged people who cannot cut it on social security alone, by women who have suddenly become single parents, and by all the young people fresh out of high school.

The third reason for the swollen number of working poor in our state can be found in the fact that a large proportion of these workers are not prepared for better jobs. Bringing in a high tech company employing a bunch of engineers, researchers, highly-skilled technicians, and various marketing, finance and management specialists is irrelevant to the working poor — none of whom are qualified to compete for these good jobs.

This depressing combination of too few *good* jobs and too few native North Carolinians able to compete successfully for the good jobs that do exist, undermines the realization of the North Carolina Covenant. In order to create a world for our grandchildren in which employment actually would become the antidote to poverty, there are a variety of actions that must take place in our own time.

First, and foremost, there must be a minimum wage set high enough so that people who work full-time are guaranteed they will not still find themselves trying to eke out an existence below the poverty line. This change would exert an upward pressure on wages that also would have the salutory effect of aiding North Carolina's army of the "near poor". North Carolinians cannot act in a unilateral manner on this matter. Rather, our task is to influence our representatives in Washington, D.C. to champion the cause of a higher *national* minimum wage.

This will raise the cost of goods and services across the economy. However, there is no evidence it will have the disasterous impact that (well-paid and securely-employed) conservative economists predict. While a Big Mac may cost more, all the fast food franchises and service industries will not move off-shore. The manufacturing enterprises that will be adversely affected — that is, those dependent upon cheap labor — already are heading for the Third World nations where they can find employees for $3.35 a *day*. North Carolina's economic future does not lie in trying to compete in this arena.

Second, there must be meaningful movement at both the state and federal levels to ensure that working people have effective access to affordable health care and affordable child care. Most working poor people spend an extraordinarily high proportion of their already insufficient incomes on these two necessities of modern life. Those who try to simply do without such care for their families end up costing themselves, and all the rest of us, a great deal through the high long-term medical, social and economic costs of neglect and improper care.

Whether effective access to affordable health and child care is accomplished through expanded governmental programs, new requirements on employers and insurance companies, or a combination of the two, the bottom line is that we must end the ridiculous reality of working people be-

ing *less* protected and, in some ways, *less* well-off than people who do not work. What better method could we imagine for destroying the traditional Tarheel work ethic than to perpetuate a situation in which our working poor increasingly feel like chumps for working at all — and who find few genuine incentives for being gainfully employed?

At the state and local level, two other major thrusts must occur. On the one hand, we need to concentrate on both attracting *good* jobs from outside our state and creating *good* jobs within our state. For example, we could choose to link our public subsidies for private industries (from tax breaks to infrastructure development) to specific agreements about wage levels and benefits, working conditions, hiring policies and environmental impacts. We could stop subsidizing *any and all* industries — including those that pollute our environment and mistreat the local people they do hire — and instead use these same resources to *give even better subsidies* to a smaller number of really good companies.

Any corporation could still choose to locate here, but taxpayers would subsidize only those companies that will benefit our people and our communities most. This wouldn't involve major new expenditures, but rather a far wiser, case-specific use of existing resources.

On the other hand, we need to redouble our efforts to better prepare all our citizens — especially our working poor — to compete for the good jobs that can be attracted and created across our state. Three priorities for action here are: 1) to mount a campaign to **dramatically reduce the amount of adult illiteracy** in North Carolina; 2) to **significantly update and upgrade vocational/technical education, job training and work experience programs**; and 3) to inaugurate a *serious* effort to **shrink the scandalously high dropout rate** in North Carolina's schools.

There are small-scale initiatives underway in North Carolina that could serve as the foundation for a much broader-based push to eradicate adult illiteracy. In addition, a major new report issued by the W.T. Grant Foundation Commission on Work, Family and Citizenship entitled *The Forgotten Half: Non-College Youth in America* provides a wealth of specific strategies and policy options for carrying out the second two priorities.

In short, creating the kind of state we want for our grandchildren demands that we strive to lift the working poor out of poverty through concrete action on both the supply side (better-prepared workers) and on the demand side (more good jobs for these workers). Increasing the pool of good jobs and good workers predictably will result in higher incomes, a stronger economy and greater state revenues. Moreover, we have every reason to anticipate that this particular kind of economic boost will carry with it a variety of other benefits, from *decreased* substance abuse and crime rates among the poor, to *increased* school achievement and worker productivity among these low income individuals.

Thus, helping the working poor to thrive must be a centerpiece of the movement to breathe life into the North Carolina Covenant. Doing so is not an act of charity, it is an act of justice. It is not a drain on our public purse, but rather it is a powerful investment in the well-being of our people and in the vitality and competitiveness of our state's economy.

FOSTERING ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT

Economic development specialists of various schools of thought and political persuasions have come to agree that depending *exclusively* upon the recruitment of outside industries to North Carolina does not make sense. There is a burgeoning interest and belief in the idea of "economic growth from within" throughout our state.

However, despite all the rhetoric in favor of doing all we can to create homegrown businesses, North Carolina is still at a fairly embryonic stage of development in this area. The same short list of demonstration programs and success stories are repeatedly cited in the academic, governmental and private sector discussions of this emerging strategy.

While these pioneering efforts — from small business incubators in Winston-Salem and Charlotte, to fish farms and crafts cooperatives in the rural areas of the state; and from ventures underwriten by such new intermediary agencies as the N.C. Technological Development Authority and the N.C. Biotechnology Center to the ones supported by the just-created N.C. Rural Economic Development Center — are very valuable, they need to be replicated and expanded in order to reach their full potential.

These activities have lead to a clearer understanding of the elements necessary for North Carolina's economy to really reap the benefits of an emphasis on entrepreneurship and small business development. Basically, there are three areas in which more resources and energy should be invested so that the economic dimensions of the North Carolina Covenant can be brought to fruition.

First, there is a need for more appropriate financing mechanisms through which new small businesses can secure the capital they need to succeed. Because of the conservatism engendered by their regulatory and fiduciary constraints, banks have proven to be a surprisingly *unhelpful* source of business finance — especially for start-up enterprises, or other businesses the banks deem to carry an unacceptable level of risk. Venture capital firms are very helpful in underwriting higher-risk companies (particularly in high tech areas), so long as they have the potential to become very profitable very quickly. This rules out most small businesses in our state.

Ironically, it often is easier to find a $250,000 investor for a high-risk, high tech company than it is to find a $25,000 investor for a lower risk, more ordinary business like a convenience store, a dress shop or a travel agency. As a consequence, most new businesses in North Carolina are financed by the owners and their families. Since so few North Carolina families have the means to fully fund their own enterprises, a great deal of the state's entrepreneurial capacity doubtless is being lost.

In other words, these new businesses (and the good new jobs they could create) are not getting a chance to prove their worth— even when they can demonstrate the likelihood of profitability — simply because they lack effective access to the large amount of investment money existing within our economy. Thus, while North Carolina money is being used to build a hotel in Atlanta, to finance New York corporations or to make international investments, it is not readily available to North Carolina's own current and potential small business operators.

One alternative is to provide more business development funding to the intermediary agencies mentioned earlier. Another solution is for the General Assembly, perhaps in partnership with private sector interests, to create a major new "entrepreneurship and small business development fund" that would provide investment capital (equity) up to $100,000 per venture to underwrite a portion of the start-up costs of new businesses and the expansion of existing ones across the state. There are a host of details that would need to be carefully developed in order for this equity pool to operate successfully, but it is by no means an impossible task. Indeed, there are existing models of these equity pools (often tied to the provision of management assistance) that could be adapted to North Carolina from such diverse corners of the world as Europe, Australia, South Dakota and Arkansas.

The second pressing need is to greatly expand and strengthen the newly-formed network of business assistance and management support agencies in North Carolina. From the University of North Carolina's three year old statewide group of Small Business and Technology Development Centers, to the recently-created small business programs now found throughout the state's community college system, there is a growing awareness that competent business counseling, seminars and technical assistance can spell the difference between success and failure.

After all, most new businesses fail for three basic reasons: they are under-capitalized (i.e., they don't have enough money to see them through the early days while they establish their market); they're launched with little or no careful planning (and predictably shouldn't have started at all); or they're poorly managed (often because the operator knows a lot about the substance of the venture, but too little about its business side).

Far more businesses would be profitable and sustainable if they received the advice and assistance they require both prior, and subsequent to, starting new or expanded operations. Through the university and community college systems in our state, we now have the vehicle for delivering high quality counseling, training and assistance.

What we lack is the resource base to make these agencies as strong and accessible as possible. Even though they are not yet known by many small business people across the state, they already are spread far too thin. Just as we have long invested in a fine system of extension agents, research, training programs and publications to support our agricultural community, so too, we now need at least an equally far-reaching set of initiatives to support our state's growing small business community. This help is needed most urgently in support of women, minorities and rural people interested in letting their entrepreneurial spirits soar.

Third, we need to promote a far greater degree of "economic literacy" and entrepreneurial thinking among our young people. Historically, our public education system has proceeded along two broad paths: preparing students for higher education, or helping them to become job *applicants*. What we have failed to do is encourage them to consider, and act upon, the possibility of becoming job creators through becoming small business owners at any point in their lives.

Accordingly, we have seen in community after community across North Carolina that the impetus and entrepreneurial talent needed to *see* — and *seize* — a variety of untapped economic opportunities have come from outsiders, rather than from Tarheels. Not coincidentally, it is the newcomers rather than the natives that reap the lion's share of the benefits from these new businesses.

There currently are efforts underway in this area ranging from the Department of Public Instruction's plans to include an entrepreneurial emphasis in the state's vocational education programs, to Junior Achievement activities in Raleigh and Charlotte, to the rural school-based enterprise program currently being tested by UNC's Small Business and Technology Development Center and North Carolina REAL Enterprises.

How to effectively develop entrepreneurial attitudes and competencies among our young people is a question being carefully explored through these initiatives. Once more is understood, and appropriate materials and strategies have been developed, it is essential that priority be given to inculcating the entrepreneurial spirit among North Carolina's citizens — young and old, urban and rural, wealthy and non-wealthy.

For our grandchildren to inherit the kind of state we wish for them, we must have a strong and dynamic economy. To attain this goal, we must have economic diversity. This, in turn, requires a concerted effort to foster entrepreneurship and small business development alongside our traditional economic strategies. Such entrepreneurship will not happen by accident, or of its own accord. The keys to unlocking our entrepreneurial potential can be found in a stronger state level commitment to the three priority areas of small business financing, assistance and education.

MEETING THE NEEDS OF YOUNG CHILDREN

The North Carolina Covenant revolves around our determination to create a better state for our grandchildren. Unfortunately, there is no getting around the fact that our collective performance, historically, has been less than stellar in relation to the needs of children. While we all readily agree that children are our most precious natural resource, our rhetorical devotion is not matched by what we actually do to help them thrive.

We shouldn't be lulled into thinking that creating a better North Carolina for our grandchildren is a leisurely pursuit. Their time is fast approaching. Many of them already have been born and the rest will be among us very soon. Thus, making sure that today's and tomorrow's children receive the best head start we can provide is an essential first step toward making that better North Carolina a tangible reality in our grandchildren's lives.

Needless to say, much of the agenda here can only be implemented within each of our families and communities. The state cannot compel every parent to demonstrate love and wisdom in the rearing of every child, nor can the state mandate that parents be positive role models. How best to bring up our children is regarded as an essentially private matter — and there is no consensus about (let alone a recipe for) the best way to promote the development of well-rounded, happy, healthy children.

Still, there are a few powerful actions the state could, and should, take in order to advance the best interests of all the state's children. First, the creation of a statewide system of top-quality, affordable child care is a high priority — not just to help the working poor, but also to respond to the needs of Tarheel parents all along the state's socio-economic spectrum. Again, whether this is best accomplished through the public sector, the private sector, or (most likely) a combination of the two remains an open question. The pressing need for child care, however, is unquestionable.

More specifically, the need is for developmental, rather than custodial, child care. Many children — especially those from poor, near poor and other low income families — start school already "behind" their wealthier counterparts. This is not because low income parents are bad, or because low-income children are stupid, but rather because they both lack effective access to the same range of resources, information and assistance routinely available to the wealthier parents and their offspring. Good child care programs can narrow this gap.

At the same time, it is a serious mistake to push young children too hard academically, and to deny them the joy and the essential learning that flows from free play by over-structuring their time away from home. In other words, treating pre-school children as if they were just smaller schoolchildren is as deterimental to their overall social, intellectual, physical and emotional development as plunking them down in front of a television screen all day.

The broad statewide network of high-quality developmental care for pre-school children and after-school programs for older kids that we desire does not exist for a variety of reasons that our state government has the power to influence. There could be a major effort to train more top-notch child care workers and directors — and to ensure they are properly-paid for the important work they do.

The state also could subsidize a long-term loan program to help people who, once trained, want to start child-care programs in under-served areas to build (or renovate) necessary facilities and to purchase appropriate materials and equipment. This could give a boost to a number of Tarheels who could become small business owners, as well as care providers.

Beyond developmental care, the state would be prudent to invest in a major campaign for improved child health. Problems like infant mortality and child malnutrition are not the result of bad luck. Instead, they can be traced back to the lack of parental education, training and experience — and to the absence of good, subsidized pre-natal and infant health care.

Actively discouraging pregnancies among teenagers (i.e., reversing the trend of children having children) is an important step. Through effective school programs and related community-based public health campaigns, we can be more successful in breaking the cycle of poverty triggered by young people creating a life before they've lived one of their own. However, when teenagers do have children, it is imperative that society not abandon mother or child. We cannot afford to write off all these children.

In order to guarantee all North Carolinians the many benefits of good pre-natal and pediatric care, we must go beyond simply increasing the *access* of parents to such care for their children. Rather, we must actively seek out and recruit the children who are both least likely to receive good health care, and most likely to be in dire need of it. Preventive care and early intervention in the diagnosis and treatment of health problems ought to be the watchwords of this entire campaign.

The final step that the state should take is in the direction of parental education. Most parents rear their children in much the same manner that they were reared themselves. Judging from the results — and given the amount that *has* been learned in recent years about child development and early childhood education — it is clear that we can do better than simply recapitulating the past.

It is extraordinary that our schools demand students learn how to calculate equations or how to conjugate French verbs — but not how to properly carry out the single most complex and important responsibility most of us will ever have: that is, rearing children to be healthy, productive citizens in a modern democratic society.

The overwhelming majority of North Carolinians love their children and want to do right by them, but often receive very little beyond hearsay and half-truths about how best to act upon their good intentions. Schools, churches, community organizations and government agencies all could play an important role in reaching out to parents — especially new parents and those whose children are obviously having problems — with a sensible program to help parents help their children reach their full potential.

For example, there should be far more emphasis placed on the constructive role that parents can play as their children's first, and foremost, educators. Schools need to stop treating parents as passive consumers of a service they offer — except when the time comes to parcel out blame for the failure of children in school — and start actively treating them as full and equal partners in the educational development of their students. If the home and school (parent and teacher) are working closely toward the realization of common goals for a particular child, the chances of educational success increase dramatically.

Better child care, better pre-natal and pediatric health care and better parental education and involvement: these are the priorities for better meeting the needs of our state's young children. If we can transform our society into one that is as child-centered in practice as it claims to be in its rhetoric, then a crucial step in the direction of implementing the North Carolina Covenant will have been taken.

EXPANDING THE VOLUNTARY SECTOR

The substantive agenda for action presented thus far — in relation to the working poor, to small business operators and to young children — could easily be dismissed as a "wish list" of ideas that are good, but unrealistic because of funding constraints.

While understandable, it would be a mistake to dismiss them so cavalierly. The way in which these priorities within the North Carolina Covenant actually are implemented is anything but a trivial concern. The calls for action here would ring hollow indeed if they were based on the belief that the only alternative is to implement them through massive new state expenditures and a massive expansion of state agencies.

It is clear that some of these initiatives, such as health insurance for the working poor, only can be accomplished through state and/or federal intervention to either provide the money directly or to enact legislation requiring the private sector to do so. However, it is equally clear that a bloated state bureaucracy far removed from local realities is not the best (let alone the *only*) mechanism through which the Covenant priorities could be implemented effectively.

Beyond the public sector of governmental programs and agencies, and beyond the private sector of businesses (large and small), there lies a third sector made up of independent, voluntary organizations. North Carolina has been blessed with a multitude of such organizations — from churches to service clubs, and from citizens' associations to charitable foundations. Although often overlooked in the formulation and implementation of public policies and programs, North Carolina's voluntary sector continually has made essential and irreplacable contributions to the well-being of all Tarheels and to the quality of life throughout North Carolina.

These are the groups through which most of us concretely demonstrate our citizenship, our religious convictions, our humanitarian impulses and our neighborliness. Thus, the state's voluntary sector is at least as important to the realization of the North Carolina Covenant as any state agency or corporation. Our efforts here — to "adopt a stream", to tutor a disadvantaged child, to assist a group of co-workers in creating a safer workplace, to find a meaningful job for a teenager, or to be a volunteer at the local school, crisis shelter or hospital — may seem very modest on an individual basis, but their cumulative impact is enormous.

Think, for example, of all that the voluntary sector has done, and could continue to do to give substance to the Covenant goal of a "sustainable natural environment". While much has been done, there remains an enormous amount left to do to preserve North Carolina's wilderness and wildlife areas, to develop practices that conserve and renew agricultural land rather than deplete it, to reduce major sources of pollution, to provide safe water supplies and appropriate disposal of potentially harmful wastes, to safeguard our state's scenic beauty and our fragile ecosystems, and to otherwise ensure that the natural bounty existing here before our arrival will still be here after our departure. Of course, the voluntary sector cannot be expected to solve these problems alone, but it *can* continue to not only take direct action, but also help set the public and private sector agendas.

The voluntary sector has a vital role to play in implementing the three Covenant priorities outlined in this report. Whether by underwriting the costs of child care centers (or directly operating them), by carrying out a massive adult literacy campaign, by recruiting experienced local business people as mentors for budding entrepreneurs trying to get their first business up and running, by organizing the non-medical aspects of a child health promotion initiative, and by a hundred other locally-appropriate activities, the voluntary sector can do much of the work required to create the kind of state we hope to bestow upon our grandchildren.

Nevertheless, the voluntary sector faces two obstacles in trying to become a major force in the implementation of the North Carolina Covenant. First, there is a need for *better training and assistance*, so that citizen volunteers have the information and skills required to ensure that the quality of what they actually do is as strong as their desire to be of assistance. And second, there is a need for a *better financial foundation*, so that the voluntary sector does not dissipate such a large proportion of available time and energy trying to raise the funds necessary to carry out the substantive work before them.

The state could, and should, intervene here by helping the voluntary sector to overcome these obstacles. Our state government could underwrite the cost of regional and statewide conferences of local voluntary sector leaders to encourage greater communication and cooordination. The state could fund or operate a wide-ranging series of workshops, training sessions and leadership development programs aimed at strengthening the knowledge base and competence of local volunteers. And, the state could fund the material side of the voluntary sector's work — for example, by making a grant to a Habit for Humanity program to purchase the building materials needed to construct low-income housing with donated labor and the eventual owner's "sweat equity".

The point is for the state — and public-spirited businesses — to find reasonable ways of supporting, rather than co-opting or supplanting, the voluntary sector across North Carolina. This would give these local groups a new lease on life and a big boost toward fulfilling their enormous potential.

Helping the voluntary sector become even more effective also would allow the state to get a tremendous "bang for the buck", especially compared to the cost of taking the same actions directly through the state bureaucracy. Assisting the voluntary sector to bear significant responsibility for making the North Carolina Covenant more than just words on paper also can give substance to such seemingly ethereal Covenant goals as "a sense of empowerment"," a spirit of cooperation", "strong and healthy communities" and" the habit of fairness".

In addition to strengthening the existing network of local groups and programs, the state also could take action to dramatically expand North Carolina's voluntary sector. For example, evidence of sustained community service could be incorporated into the curriculum and made a *requirement* for graduation from our state's high schools and state-supported universities and community colleges. Similarly, the state could establish a community service requirement as part of the licensing system for all state-regulated monopolies in such areas as law, medicine, and utilities.

If mandatory community service seems too draconian, the state could encourage such behavior by establishing scholarships based upon the extent and quality of community service work accomplished by students. High school and college students also could be awarded credit toward graduation for their active involvement in the work of the voluntary sector. Similarly, the state could use the tax system to provide a stronger incentive for people to donate a larger portion of their resources to charitable, community service, and Covenant-related purposes.

The bottom line here is that North Carolina already has a very impressive array of non-governmental groups and programs in place and active throughout the state. If properly encouraged and supported, our voluntary sector could be the key to implementing the Covenant priorities without simultaneously exhausting the state's public financial resources.

As noted earlier, no citizen of our state has the option of being an innocent bystander in the creation of North Carolina's future. The kind of state we bequeath to our grandchildren depends heavily upon both what we do and what we refrain from doing. The influence we choose to exert, as citizens, upon our government — and the work we choose to directly undertake through our voluntary sector — will determine whether the goals of the North Carolina Covenant remain lofty ideals or become everyday realities.

FINAL THOUGHTS

The future of our state rests in all our hands. While we have the freedom to "wash our hands" of the whole matter, or to "hand over" our power to experts and government officials, we do so at considerable risk. This risk is that we will undermine our own status as *citizens*, and end up being nothing more than mere *residents*, of North Carolina.

Maybe we don't get involved in the issues of our day because we don't find our leaders very inspiring or worthy of respect. On the other hand, maybe we think so much of our leaders (and so little of ourselves) that we're willing to trust them blindly to "do the right thing" automatically. Maybe we've lost the faith that anyone really cares about what we think, or what we want to happen in our state. Maybe we're too busy making a living, rearing a family, or having a good time to worry about the future.

Whatever the reasons, the fact remains that we are *giving away* rights and opportunities no one would dare to steal from us. Indeed, too many of us treat citizenship as a "trivial pursuit". Here is a chance, and a challenge, to do something about recapturing the meaning and the spirit of citizenship. The world is too complex? The future seems too far off and too hard to influence? Instead of giving up, just focus on four concerns: a fairer deal for working people, a better opportunity for "ordinary" North Carolinians to own their own businesses, a healthier head start for our state's young children, and a stronger network of voluntary organizations.

Being a *citizen* in this context requires three actions. First, it requires coming together with other citizens to *organize* in order to insist that our elected representatives and our state leaders take the North Carolina Covenant seriously. Second, it involves indicating our willingness to support the accomplishment of the Covenant priorities with the increased taxes that will be required. And third, it requires taking direct action as individuals, and as members of the groups to which we belong, to implement this vision of the future in our own communities today. While state intervention is essential, each of us can do *something* in the here and now to make our aspirations for a better North Carolina in our grandchildren's time more than wishful thinking.

Few people hope and pray that their taxes will be raised. However, North Carolinians have demonstrated over and over again their willingness to accept an additional tax burden as long as the following four conditions are met: a) they are convinced of the value and importance of what will be purchased with these new funds; b) they are told the truth about both the actual price tag and the way in which their money will be spent; c) the burden of taxation is distributed *fairly* across the population on the basis of their ability to pay; and d) the money will not be wasted on bloated bureaucracies or unworthy recipients.

Thus, one of the key organizing tasks for advocates of the North Carolina Covenant is to make sure that these four conditions will be met. The other key task is to develop a broad-based constituency of Tarheels willing to tell their representatives and leaders they believe strongly enough in this positive vision of our state's future to be willing to pay the price.

In considering the fate of the North Carolina Covenant, there is a brief story worth remembering. It's a story first told years ago by the civil rights activist, Fannie Lou Hamer:

"There was a very wise old man, and he could answer questions that were almost impossible for people to answer. Well, some young people were going to see him one day. On the way there, they said to themselves, "We're going to trick this old man today. We're going to catch a bird, and we're going to carry it to this old man. And we're going to ask him,'This that we hold in our hands today, is it alive or is it dead?' If he says,'Dead,' we're going to turn it loose and let it fly. But if he says, 'Alive,' we're going to crush it." So, they walked up to this old man, and they said, "This that we hold in our hands today, is it alive or is it dead?" He looked at the young people and he smiled. And he said, "It's in your hands."

North Carolina today is a state of emergency, a state of grace, and a state of anticipation. What it will be in our grandchildren's day is partly a mystery to be shaped by unforeseeable events, and partly the predictable consequence of what we collectively choose to do with the blessings and the burdens — that is, with the *life* — we have been given. To an extent that should simultaneously invigorate and humble us, the future of North Carolina truly is in our hands.